



COMDTINST 5240.4

10 DEC 1991

COMMANDANT INSTRUCTION 5240.4

Subj: Policy and Procedures for the Establishment, Management
and Close-out of Work at the U. S. Coast Guard Yard

Ref: (a) COMDTINST 5400.13 of 3 AUG 89

1. PURPOSE. This instruction establishes policy and procedures for assigning shipbuilding and repair work to the United States Coast Guard Yard. Intended users are Areas, Maintenance and Logistics Commands, Districts, Headquarters, and Headquarters units.
2. DISCUSSION. Reference (a) established policy for managing the United States Coast Guard Yard and focused on its mission and the types of authorized work. This instruction will establish a set of policies and procedures which define a contractual relationship between the Yard and its customers. For the purposes of this document, the term "customer" is defined as any user of Yard services which contracts for work with the Yard. Strengthening and simplifying the procedures governing work sent to the Yard is imperative.
3. POLICY.
 - a. General. For work to be accomplished at the Yard, the customer and the Yard must reach a mutually agreeable and acceptable contract to accomplish that work. The entire process from inception of a project to project close-out must be well documented. The customer and the Yard must work together to establish and document a "meeting of the minds" on each project.

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3. b. Responsibilities. Both the customer and the Yard have responsibilities some distinct, some shared. Teamwork is fundamental and critical. The customer must establish need for the work, clearly identify the requirements, and properly fund the work. The Yard's focus is on the needs of the customer. The Yard must provide its customers with high quality work that is delivered on-time and within budget. The Yard also has a responsibility to keep customers informed of the true status of their projects. Customers and the Yard must focus on the proper and effective execution of each of the individual processes involved: project initiation, preparation of work requests, cost estimating, project acceptance procedures, project start-up, project status reporting, project amendment procedures, project close-out, and workload projections.
- c. Bona Fide Need. The customer must establish that a bona fide need exists for the work. The bona fide need rule states that a fiscal year's appropriation may be obligated only to meet a legitimate, or bona fide, need arising in the fiscal year for which the appropriation was made. This rule does allow for work to start in one fiscal year and extend into a subsequent fiscal year. However, it does not allow for a small amount of work to be started in one fiscal year for the purpose of protecting funds that are expiring at the end of the fiscal year. The bona fide need rule applies to multiple-year as well as single fiscal year appropriations.
- d. Obligation. Funds which accompany a request for work are deposited in the Yard Fund. The Yard Fund is a revolving fund which finances Yard work. Funds are considered obligated at the time of acceptance by the Yard provided a bona fide need exists and a constructive start is both required and made in the fiscal year in which the funds are obligated.
- e. Constructive Start. When a project is funded by an appropriation that will expire at the end of a fiscal year and this project will extend into the next fiscal year, a constructive start must be made in the fiscal year in which the funds are appropriated. In other words, the project must start before the fiscal year ends in order for it to be a valid obligation. However, it is important to realize the project must also need to start before the end of the fiscal year in order for it to be accomplished in accordance with the established and required needs of the service.
3. f. Co-mingled Funds. Project funds shall not be from different appropriations. Funds from different appropriations (e.g., OE and AC&I) must not be mixed on the same project order. It may be acceptable to accomplish OE work during an AC&I project as long as the work accomplished is not part of the AC&I project. In all cases separate projects must be established for the work or else funds are considered co-mingled.
4. PROCEDURES.
- a. Detailed Procedures. The Commanding Officer, Coast Guard Yard shall publish procedures that describe in detail the process of establishing, managing, and closing-out work at the Yard.

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- b. Establishing Work. Establishing work at the Yard requires a number of actions. The customer must establish that a bona fide need exists, that funds are available, and that funding will not be commingled. A cost estimate must be generated and agreed to by both parties. The Yard must confirm interest in the project, identify the type of project best suited, that the workforce is available to perform the work, and a constructive start is required and occurs if applicable. The Yard and the customer must agree on the method used to request the work and that all the requisites to begin the work are provided.
- (1) Methods of Requesting Work. There are four methods by which Yard customers may request work and set up a project to accomplish that work. A Coast Guard or Yard standard document is employed in each case: a Yard Project Order Form (CGY-75) for non-emergency work, a Coast Guard Work Order (WO) Form (CG-3103) as an alternate method for requesting non-emergency work, the Procurement Request (PR) Form DOT F 4200.1.2 for cutters to request relatively minor and inexpensive non-emergency work, and a Message Work Order for emergency work where the usual document process would delay work.
 - (2) Requisites. Regardless of the method used to establish work, the type of project, or funding, there are four major requisites for the Yard to create a project and perform the work: a specific work definition of what is required, a cost estimate for that work, agreement on that cost estimate, and proper funding for the work.
- c. Project Management. Project management is also a team effort. The customer and Yard share a responsibility to ensure it works. Nothing can replace strong customer involvement in monitoring and evaluation of the project management process. The Yard is obligated to document, formalize, and clarify the process. These include but are not limited to:
- (1) Project Status Reporting. All customers should seek and receive periodic feedback on the status of their projects. There are various ways that the Yard provides feedback. The two most commonly used formal reports are the Projects Status Report (PSR) and Yard Current Events. Each provide detailed financial and physical progress data on customer work in progress.
 - (2) Amending the Project. Projects are established based on the definition of work and an agreed cost estimate. Over time, projects are often subject to events that require the request for work (i.e., the project) to be amended. The process of executing a project amendment is basically the same as the process used for establishing the initial project. There are predominately three events that drive the need for a project to be amended: a change in the amount of funding or in the appropriation, a change in the scope of work, or a change in the approved estimate (e.g., a Change Order).

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- (3) Notification of Potential Cost Growth. The Yard shall provide the customer the earliest possible notification of and reasons for project growth in terms of cost and time. If possible, the Yard will take corrective action where predicted costs exceed the projected estimate. Whether or not it is possible to take corrective action on the project on which the growth occurred, the Yard will endeavor to identify and correct root cause of growth so that future projects will not be adversely affected.
 - (4) Project Cancellation. The customer is responsible for providing written notification of project cancellation.
 - (5) Project Close-out. Project close-out procedures commence with notification of job completion by the Yard. Project close-out will normally be complete within three months after notification.
5. BALANCING WORKFORCE TO WORKLOAD. An industrial workforce is not easily turned on or off in response to surges in workload. To maximize Yard assets and value to the customer, the Yard is aggressively moving toward balancing its workforce in response to customer workload. This on-going planning process is the best guarantee that an adequate number of workers is available when needed and in the correct trade mix (welders, painters, electricians, etc.) required by the workload. The Yard projects committed workload out five years and candidate workload for an additional ten years. The basic composition of the workload is governed by the work categories specified in reference (a). The Yard will work closely with its customers to identify their near and long term workload needs.
6. ACTION. Area commanders and chiefs of offices at Headquarters shall ensure compliance with the policy of this instruction.
7. CHANGES. Recommendations for improvement to this instruction shall be submitted to Commandant (G-ENE).


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